

PREPARED BY: Sandy Sostad
DATE PREPARED: March 8, 1999
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LB 385

Revision: 00

FISCAL NOTE

LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *

	FY 1999-2000		FY 2000-2001	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	\$101,878,400		\$101,868,700	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$101,878,400		\$101,868,700	

*Does not include impact on political subdivisions. See narrative for political subdivision estimates.

LB 385 establishes the Educational Voucher Program. Parents or guardians may apply to the State Department of Education (NDE) for an educational voucher for students between the ages of 5 to 21 years old to attend a private, denominational or parochial school. The bill allows families with federal taxable income at or below 200% of the national poverty income level to be eligible for the lesser of a voucher ranging from \$3,000 to \$5,000 per student or the costs of tuition plus books. Students in families with federal taxable income above 200% but less than 400% of the national poverty level may receive the lesser of a voucher ranging from \$1,500 to \$2,500 or for half the cost of the cost of tuition or books. If the amount appropriated by the Legislature is insufficient to fully fund vouchers, then an order of priority is followed as outlined in the bill. NDE is to distribute voucher funds to schools that have been accredited by the department and meet criteria identified in the bill. NDE is required to adopt rules and regulations to administer the program.

Federal poverty guidelines (1998) show the poverty level for a family of four to be \$16,450. Under the bill, families up to 400% of the poverty level will be eligible for a voucher. This means a family of four with up to \$65,800 of income would qualify for a voucher. Statistics from the Department of Revenue (1997) on the number of returns filed for various income ranges show that only 13% of the income returns filed have an adjusted gross income greater than \$60,000. These statistics seem to indicate that a high percentage of the families currently sending their children to non-public schools will qualify for a voucher under the bill.

Assuming that 85% of the children currently attending a nonpublic school will be eligible for the smaller of the voucher payments (above 200% but less than 400% of poverty level), there will be approximately 31,678 students eligible for this category of vouchers. Using data on the nonpublic students in various grades in 1997, voucher payments for these students will total \$55,808,000. Assuming another 10% of the students currently attending nonpublic schools are eligible for vouchers ranging from \$3,000 to \$5,000, the voucher payment for these students will be about \$13,131,000. Estimated voucher payments for students currently attending nonpublic schools pursuant to the bill will be \$68,939,000.

It is assumed the actual fiscal impact of the bill will be higher than \$68.9 million because some percentage of students currently attending public schools will opt to attend a non-public school due to the reimbursement provided in the bill. If 5% of the students currently enrolled in public schools opted to attend a nonpublic school, then state aid payments under the bill will increase by an estimated additional \$32.9 million (30% receive higher voucher amount, 70% receive lower).

NDE indicates the need for .75 fiscal staff to administer the bill. It is assumed an additional .5 Financial Aid Consultant will be added at a cost of \$39,400 of general funds in 1999-00 and \$29,700 in 2000-01.

DEPARTMENT OF ADMINISTRATIVE SERVICES

REVIEWED BY	Lyn E. Heaton	DATE	3/8/99	471-2526
COMMENTS				
<u>Dept. of Education</u> - No basis upon which to disagree.				